



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
NELSON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
NELSON COUNTY OFFICIALS.....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	5
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	8
NOTES TO FINANCIAL STATEMENTS	11
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	18
SCHEDULE OF OPERATING REVENUE.....	20
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	25
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	40
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	42
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
APPENDIX A: CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS	



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Dean Watts, County Judge/Executive
Members of the Nelson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Nelson County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Nelson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Nelson County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Nelson County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Dean Watts, County Judge/Executive
Members of the Nelson County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Nelson County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 1999 on our consideration of Nelson County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 13, 1999

NELSON COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Dean Watts	County Judge/Executive
Challen McCoy	County Attorney
Phyllis Mattingly	County Clerk
Diane Thompson	Circuit Court Clerk
James Riley	Sheriff
G. Austin Weller	Jailer
Barbara Tichenor	Property Valuation Administrator
Martha Wheeler	County Treasurer
Joseph Greenwell, Jr.	Coroner
Raymond Greer	Magistrate
Amos Gritton	Magistrate
Tim Hutchins	Magistrate
Bernard Ice	Magistrate
Joe Mouser	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

NELSON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 856,249
Notes Receivable (Note 4)	247,036

Road and Bridge Fund:

Cash	27,774
------	--------

Jail Commissary Fund:

Cash	69,914
------	--------

Local Government Economic Assistance Fund:

Cash	6,616
------	-------

Public Improvements Corporation Fund:

Cash	221,362
------	---------

Solid Waste Fund:

Cash	123,405
------	---------

Landfill Fund:

Cash	421,643
Investments	900,000

Occupational Tax Fund:

Cash	246,332
------	---------

Escrow Fund: (Landfill - Note 5)

Cash	200,181
Investments	200,000

Other Resources

General Fund:

Amounts to be Provided in Future Years for Water Project	
Principal (Note 6)	212,795

Public Improvements Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal (Note 6)	3,760,000
--	-----------

Amounts to be Provided in Future Years for Landfill Site

Principal (Note 6)	157,500
--------------------	---------

Amounts to be Provided in Future Years for Shopping Center Principal (Note 6)	1,600,000
---	-----------

Total Assets and Other Resources

\$ 9,250,807

The accompanying notes are an integral part of the financial statements.

NELSON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Water Project Principal (Note 6)	\$ 212,795
Deferred Revenue (Note 4)	247,036

Public Improvements Corporation Fund:

Bond Principal Not Matured (Note 6)	3,760,000
Landfill Site Principal (Note 6)	157,500
Shopping Center Principal (Note 6)	1,600,000

Fund Balances

Reserved:

Jail Commissary Fund	69,914
Escrow Fund (Landfill - Note 5)	400,181

Unreserved:

General Fund	856,249
Road and Bridge Fund	27,774
Local Government Economic Assistance Fund	6,616
Public Improvements Corporation Fund	221,362
Solid Waste Fund	123,405
Landfill Fund	1,321,643
Occupational Tax Fund	<u>246,332</u>

Total Liabilities and Fund Balances

\$ 9,250,807

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

NELSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 9,476,313	\$ 3,140,397	\$ 1,281,137	\$ 637,032
Transfers In	2,289,182	45,000	610,215	272,854
Borrowed Money	1,600,000			
Jail Commissary Fund Receipts	167,793			
Total Cash Receipts	<u>\$ 13,533,288</u>	<u>\$ 3,185,397</u>	<u>\$ 1,891,352</u>	<u>\$ 909,886</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 11,311,141	\$ 2,573,497	\$ 1,881,392	\$ 918,363
Transfers Out	2,289,182	1,081,069		
Bond Principal Paid	540,000			
Principal on Lease	153,875			
Landfill Land Payment	22,500			
Jail Commissary Fund Expenditures	157,910			
Total Cash Disbursements	<u>\$ 14,474,608</u>	<u>\$ 3,654,566</u>	<u>\$ 1,881,392</u>	<u>\$ 918,363</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (941,320)</u>	<u>\$ (469,169)</u>	<u>\$ 9,960</u>	<u>\$ (8,477)</u>
Cash Balance - July 1, 1997*	<u>3,814,615</u>	<u>1,325,418</u>	<u>17,814</u>	<u>8,477</u>
Cash Balance - June 30, 1998*	<u>\$ 2,873,295</u>	<u>\$ 856,249</u>	<u>\$ 27,774</u>	<u>\$ 0</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

NELSON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Jail Canteen Fund	Jail Commissary Fund	Local Government Economic Assistance Fund	Public Improvements Corporation Fund	Solid Waste Fund	Landfill Fund
\$ 119,545	\$	\$ 93,439 38,000	\$ 642,811 823,113 1,600,000	\$ 617,190 500,000	\$ 2,135,017
	167,793				
<u>\$ 119,545</u>	<u>\$ 167,793</u>	<u>\$ 131,439</u>	<u>\$ 3,065,924</u>	<u>\$ 1,117,190</u>	<u>\$ 2,135,017</u>
 \$ 99,545 45,000	 \$	 \$ 151,234	 \$ 2,700,734 140,000 75,875	 \$ 1,060,738 40,000	 \$ 1,663,275 500,000 400,000 78,000 22,500
	157,910				
<u>\$ 144,545</u>	<u>\$ 157,910</u>	<u>\$ 151,234</u>	<u>\$ 2,916,609</u>	<u>\$ 1,100,738</u>	<u>\$ 2,663,775</u>
 \$ (25,000) 25,000	 \$ 9,883 60,031	 \$ (19,795) 26,411	 \$ 149,315 72,047	 \$ 16,452 106,953	 \$ (528,758) 1,850,401
<u>\$ 0</u>	<u>\$ 69,914</u>	<u>\$ 6,616</u>	<u>\$ 221,362</u>	<u>\$ 123,405</u>	<u>\$ 1,321,643</u>

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

<u>Cash Receipts</u>	<u>Occupational Tax Fund</u>
Schedule of Operating Revenue	\$ 809,745
Transfers In	
Borrowed Money	
Jail Commissary Fund Receipts	
Total Cash Receipts	<u>\$ 809,745</u>
<u>Cash Disbursements</u>	
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 262,363
Transfers Out	623,113
Bond Principal Paid	
Principal on Lease	
Landfill Land Payment	
Jail Commissary Fund Expenditures	
Total Cash Disbursements	<u>\$ 885,476</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (75,731)</u>
Cash Balance - July 1, 1997*	<u>322,063</u>
Cash Balance - June 30, 1998*	<u><u>\$ 246,332</u></u>

* Cash Balance Includes Investments

NELSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Nelson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Nelson County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

Nelson County
Notes to Financial Statements
June 30, 1998
(Continued)

Note 3. Deposits (Continued)

	<u>Bank Balance</u>
Collateralized with securities held by the county's agent in the county's name	\$ 0
Collateralized with securities held by pledging depository institution in the county's name	2,067,823
Uncollateralized and uninsured	<u>0</u>
Total	<u>\$ 2,067,823</u>

Note 4. Receivables

- A. The county loaned, at seven-percent interest, \$1,690, to 123 residents of the Melody Lake Area on March 1, 1997, for the purpose of providing water lines to their homes. Terms of the agreement stipulate a \$25.51 per month repayment schedule. Records indicate that 17 residents are \$2,397 delinquent with their payments. As of June 30, 1998, principal balance due was \$156,388.
- B. The county loaned, at seven-percent interest, \$2,500 to five residents, and \$1,800 to one resident of the Roberts Road Area on May 1, 1997, for the purpose of providing water lines to their homes. Terms of the agreement stipulate a repayment of \$29.03 per month for five residents and a \$20.90 per month for one resident. Records indicate that two residents are \$125 delinquent with the terms of this agreement. As of June 30, 1998, principal balance due was \$12,761.
- C. The county loaned, at six-percent interest, \$3,446 each to seventeen residents of the Bellwood Road Area #1 on March 1, 1998, for the purpose of providing water lines to their homes. Terms of the agreement stipulate a \$29.08 per month repayment schedule. Records indicate that three residents are \$163 delinquent with their payments. As of June 30, 1998, principal balance due was \$57,435.
- D. The county loaned, at 6.24 percent interest, \$2,167 to twelve residents of the Bellwood Road Area #2 on December 1, 1997, for the purpose of providing water lines to their homes. Terms of the agreement stipulate a \$24.32 per month resident repayment schedule. Records indicate that the residents are in compliance with the terms of this agreement. As of June 30, 1998, principal balance due was \$20,452.

The total receivables due Nelson County as of June 30, 1998, is \$247,036.

Note 5. Escrow Fund – Landfill

State regulations require fiscal court to maintain an escrow fund for future landfill costs. As of June 30, 1998, the fund had a balance of \$400,181.

Nelson County
Notes to Financial Statements
June 30, 1998
(Continued)

Note 6. Long-Term Debt

- A. On October 18, 1996, Nelson County Fiscal Court entered into an agreement to borrow \$250,000 from Farmers Bank and Trust Company to finance the Melody Lake Water Project. The total debt is payable over ten (10) years in equal installments, with interest calculated at 80% of prime. The balance as of June 30, 1998, is \$212,795.
- B. On December 1, 1989, County of Nelson (Kentucky) Public Improvements Corporation issued first mortgage revenue bonds. Bonds outstanding of the Public Improvements Fund are in the amount of \$920,000, the proceeds of which are to be applied to (a) construction of an addition and improvements to the existing Nelson County Jail; and (b) refinancing approximately \$480,000 of the unpaid balance on a 10.5 percent mortgage.

Principal Maturity Dates

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	
	<u>December 1</u>	<u>December 1</u>	<u>June 1</u>
1998-1999	\$ 115,000	\$ 7,403	\$ 3,780
1999-2000	<u>120,000</u>	\$ 3,780	
Total	<u>\$ 235,000</u>		

On November 1, 1992, County of Nelson (Kentucky) Public Improvements Corporation issued first mortgage revenue bonds in the amount of \$370,000; the proceeds of which are to be applied to the refinancing of a \$350,000 balance of a \$719,179 Kentucky Local Correctional Facilities Construction Authority loan to Nelson County.

Principal Maturity Dates

<u>Fiscal Year</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>
11/01/98	\$ 35,000	4.50%	\$ 4,946
05/01/99			4,159
11/01/99	40,000	4.75%	4,159
05/01/00			3,209
11/01/00	40,000	4.85%	3,209
05/01/01			2,238
11/01/01	45,000	4.95%	2,238
05/01/02			1,125
11/01/02	<u>45,000</u>	5.00%	<u>1,125</u>
	<u>\$ 205,000</u>		<u>\$ 26,408</u>

Nelson County
Notes to Financial Statements
June 30, 1998
(Continued)

Note 6. Long Term Debt (Continued)

B. Bonds outstanding Public Improvements Corporation Fund are: (Continued)

On November 22, 1994, County of Nelson (Kentucky) Public Improvements Corporation issued first mortgage revenue bonds series 1994 dated November 1, 1994, in the amount of \$4,320,000; the proceeds of which are to be applied to the acquisition and construction of the Nelson County Solid Waste Disposal Facility.

<u>Principal Maturity Dates</u>				
<u>Fiscal Year</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	
07/01/98	\$ 200,000	6.40%	\$ 106,865	
01/01/99	210,000	6.40%	100,465	
07/01/99	210,000	6.40%	93,745	
01/01/00	200,000	6.40%	87,025	
07/01/00	200,000	6.45%	80,625	
01/01/01	250,000	6.45%	74,175	
07/01/01	250,000	6.45%	66,113	
01/01/02	250,000	6.45%	58,050	
07/01/02	250,000	6.45%	49,988	
01/01/03	250,000	6.45%	41,925	
07/01/03	250,000	6.45%	33,863	
01/01/04	250,000	6.45%	25,800	
07/01/04	250,000	6.45%	17,738	
01/01/05	300,000	6.45%	9,675	
	<u>\$ 3,320,000</u>		<u>\$ 846,052</u>	

The principal amount of bonds outstanding as of June 30, 1998, is \$3,760,000.

C. On April 12, 1995, The Nelson County Public Improvements Corporation entered into an agreement to purchase land for a new landfill. The total debt of \$225,000 is payable over ten (10) years in equal installments of \$22,500 per year, plus interest calculated at the rate of 7% per annum. The balance as of June 30, 1997, is \$157,500.

Nelson County
Notes to Financial Statements
June 30, 1998
(Continued)

Note 6. Long Term Debt (Continued)

D. The Nelson County Public Properties Corporation entered into an agreement to assist in the development of a shopping center. The Corporation entered into a promissory note for \$1,600,000 at an interest rate of 5.24% as of May 22, 1998. The final payment is due May 22, 2008.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
06/30/99	\$ 160,000	\$ 81,762	\$ 241,762
06/30/00	160,000	73,572	233,572
06/30/01	160,000	64,993	224,993
06/30/02	160,000	56,609	216,609
6/30/2003-6/30/2008	<u>960,000</u>	<u>163,706</u>	<u>1,123,706</u>
Totals	<u>\$ 1,600,000</u>	<u>\$ 440,642</u>	<u>\$ 2,040,642</u>

Note 7. Lease-Purchase Agreements

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Fire Station	10/22/90	10/20/10	5.00%	\$ 29,528
Airport Hangers	04/14/92	04/20/07	5.63%	\$ 72,000
Water Tank	01/05/93	01/20/08	5.15%	\$ 112,000
Landfill Improvements	01/02/93	01/20/00	4.70%	\$ 170,000

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

NELSON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,561,200	\$ 3,140,397	\$ 579,197
Road and Bridge Fund	1,468,883	1,281,137	(187,746)
Jail Fund	484,980	637,032	152,052
Jail Canteen Fund	155,000	119,545	(35,455)
Local Government Economic Assistance Fund	88,135	93,439	5,304
Public Improvement Corporation Fund	936,854	642,811	(294,043)
Solid Waste Fund	773,000	617,190	(155,810)
Landfill Fund	1,650,000	2,135,017	485,017
Occupational Tax Fund	725,000	809,745	84,745
Totals	<u>\$ 8,843,052</u>	<u>\$ 9,476,313</u>	<u>\$ 633,261</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 8,843,052
Add: Budgeted Prior Year Surplus			3,055,000
Add: Budgeted Borrowed Money			2,300,000
Less: Other Financing Uses			<u>(716,375)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 13,481,677</u>

SCHEDULE OF OPERATING REVENUE

NELSON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 1,862,076	\$ 1,862,076	\$	\$
Excess Fees - 1997	49,903	49,903		
County Clerk:				
Personal Property Tax	268,948	268,948		
Deed Transfer Tax	83,246	83,246		
Delinquent Taxes	18,033	18,033		
Excess Fees - 1997	274,013	274,013		
Occupational Employment Tax	802,255			
Franchise Fees	33,459	33,459		
Tourists Room Tax	122,621			
Totals	\$ 3,514,554	\$ 2,589,678	\$ 0	\$ 0
<u>Federal Receipts - State Treasurer</u>				
Federal Disaster and Emergency Services/Emergency Management				
Agency Reimbursement	\$ 61,907	\$ 12,424	\$ 49,483	\$
Community Development Block Grant-Nelsonville Water Project	250,846			
Totals	\$ 312,753	\$ 12,424	\$ 49,483	\$ 0
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 52,161	\$	\$	\$ 52,161
Medical Allotments	56,731			56,731
Driving Under The Influence Fees	7,528			7,528
Housing State Prisoners	270,370			270,370
County Road Aid	805,037		805,037	
County Road Aid - Rural Secondary	217,416		217,416	
Public Defender Allotment	45,828	45,828		
Truck License Distribution	151,651		151,651	

NELSON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

<u>Jail Canteen Fund</u>	<u>Local Government Economic Assistance Fund</u>	<u>Public Improvements Corporation Fund</u>	<u>Solid Waste Fund</u>	<u>Landfill Fund</u>	<u>Occupational Tax Fund</u>
\$	\$	\$	\$	\$	\$
					802,255
		122,621			
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122,621</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 802,255</u>
\$	\$	\$	\$	\$	\$
		250,846			
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,846</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$

NELSON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer (Continued)</u>				
Courthouse Rental - Administrative				
Office of the Courts	\$ 85,003	\$ 85,003	\$	\$
Refunds:				
Drivers Licenses	3,365		3,365	
State Reimbursement/Refund	157,333	157,333		
Severance Taxes:				
Mineral	59,223			
Coal Impact	34,216			
Grants:				
Police Incentive Pay	18,181	18,181		
Totals	<u>\$ 1,964,043</u>	<u>\$ 306,345</u>	<u>\$ 1,177,469</u>	<u>\$ 386,790</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 192,757	\$ 81,775	\$ 10,408	\$
Circuit Court Clerk:				
Jail Cost	20,453			20,453
Bond Fees	7,250			7,250
Work Release	64,036			64,036
Housing Prisoners-				
Other Counties	157,272			157,272
Canteen Concession Sales	119,545			
City Reimbursements	27,104	27,104		
Charges for Services:				
Garbage Collection	613,957			
Landfill User Fees	2,041,917			
Farmers Bank Lease	54,965			
Rentals and Leases	211,162			
Miscellaneous Items	174,545	123,071	43,777	1,231
Totals	<u>\$ 3,684,963</u>	<u>\$ 231,950</u>	<u>\$ 54,185</u>	<u>\$ 250,242</u>
Total Operating Revenue	<u>\$ 9,476,313</u>	<u>\$ 3,140,397</u>	<u>\$ 1,281,137</u>	<u>\$ 637,032</u>

NELSON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

<u>Jail Canteen Fund</u>	<u>Local Government Economic Assistance Fund</u>	<u>Public Improvements Corporation Fund</u>	<u>Solid Waste Fund</u>	<u>Landfill Fund</u>	<u>Occupational Tax Fund</u>
\$	\$	\$	\$	\$	\$
	59,223 34,216				
<u>\$ 0</u>	<u>\$ 93,439</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$ 2,467	\$ 3,233	\$ 87,384	\$ 7,490
119,545			613,957	2,041,917	
		54,965 211,162 750		5,716	
<u>\$ 119,545</u>	<u>\$ 0</u>	<u>\$ 269,344</u>	<u>\$ 617,190</u>	<u>\$ 2,135,017</u>	<u>\$ 7,490</u>
<u>\$ 119,545</u>	<u>\$ 93,439</u>	<u>\$ 642,811</u>	<u>\$ 617,190</u>	<u>\$ 2,135,017</u>	<u>\$ 809,745</u>

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

NELSON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,329	\$ 48,329	\$
Assistant	25,000	24,381	619
Office Materials and Supplies	4,500	2,845	1,655
Office of County Attorney:			
Salaries-			
County Attorney	22,000	21,435	565
Other Salaries	18,000	16,200	1,800
Rent	3,600	3,600	
Office Materials and Supplies	200	101	99
Office of County Clerk:			
Other Per Diem and Fees	13,446	13,445	1
Office of Sheriff:			
Other Per Diem and Fees	5,901	5,900	1
Office Materials and Supplies	9,395	9,394	1
Office of County Coroner:			
Salaries-			
County Coroner	8,100	7,702	398
Deputy Coroner	5,050	4,901	149
Autopsies and Attendant Service	3,500	3,475	25
Fiscal Court:			
Magistrates-			
Salaries	50,500	50,196	304
Expense Allowance	6,000	6,000	
Registrations, Conferences, and Training	500		500
Fiscal Court Clerk Salary	3,000	3,000	
Office of Property Valuation Administrator:			
Statutory Contribution	44,848	44,848	

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Board of Assessment Appeals:			
Per Diem	\$ 2,000	\$ 300	\$ 1,700
Office of County Treasurer:			
County Treasurer Salary	8,060	8,060	
Office Materials and Supplies	900	619	281
Elections:			
Election Officers	19,000	12,253	6,747
Advertising	6,000	887	5,113
Polling Rent	1,000	525	475
Office Materials and Supplies	32,000	23,407	8,593
Planning and Zoning:			
Salaries	93,200	89,791	3,409
Courthouse:			
Maintenance Contracts	1,000	467	533
Custodial Supplies	11,000	10,636	364
Renewals and Repairs	27,500	27,161	339
Utilities	15,000	11,356	3,644
Other County Properties:			
Sutherland Building:			
Maintenance Contracts	1,400	680	720
Custodial Supplies	3,700	3,136	564
Renewals and Repairs	8,000	1,691	6,309
Utilities	12,500	11,372	1,128
Bloomfield School Building:			
Custodial Supplies	1,000	365	635
Renewals and Repairs	7,500		7,500
Utilities	5,000	918	4,082
Annex Building:			
Custodial Supplies	2,700	1,988	712
Renewals and Repairs	3,000		3,000
Utilities	2,600	2,294	306

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
County Police:			
Salaries-			
Police Chief	\$ 30,000	\$ 29,282	\$ 718
Police Officers	135,000	130,879	4,121
Police Incentive Pay	17,500	15,384	2,116
Vehicles:			
Maintenance and Repairs	11,627	11,626	1
Gas and Supplies	10,500	9,226	1,274
Tires and Tubes	2,000	1,655	345
Supplies:			
Law Enforcement	11,654	11,653	1
Office	5,300	5,211	89
Law Enforcement Equipment	10,625	10,556	69
New Equipment	46,263	46,262	1
County Fire Department:			
Contributions	55,000	50,297	4,703
Disaster and Emergency Services:			
Director	6,900	6,639	261
Office Materials and Supplies	3,324	3,324	
Ambulance Service:			
Ambulance Service Contract	79,000	74,924	4,076
Vehicles:			
Radio Maintenance Contract	11,634	11,633	1
Repairs and Maintenance	7,500	1,096	6,404
Purchase	45,000	44,499	501
Equipment	2,500		2,500
Miscellaneous	1,000	210	790
Emergency Dispatch Service:			
Dispatch Service	26,784	26,784	
Telephone	13,135	13,055	80

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued)</u>			
Public Advocacy Program:			
Contribution	\$ 3,714	\$ 3,714	\$
Public Defender Contract	47,859	47,859	
<u>General Health and Sanitation</u>			
Dog Control:			
Salary	28,432	28,432	
Vehicle Expense	3,000	1,314	1,686
Animal Food and Supplies	16,279	16,279	
Repairs and Maintenance	2,000	500	1,500
Utilities	4,000	3,450	550
Health Department:			
Contribution	250,166	250,166	
Mental Health and Retardation:			
Contract With Private Agencies	5,000	5,000	
Comprehensive Care Contract	1,500		1,500
<u>Social Services</u>			
Service to Indigents:			
Supervisor/Director Salary	21,250	20,944	306
Hospital Services	2,500	1,500	1,000
Office Supplies	500	212	288
General Welfare	8,155	8,155	
Senior Citizens Program:			
Program Contract	5,000	4,313	687
Building Repair	4,500	744	3,756
Services to Children and Youth:			
Emergency Shelter Care - Children	2,000	653	1,347

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Social Services (Continued)</u>			
General Charity and Welfare:			
Pauper Burials	\$ 3,800	\$ 3,800	\$
Custodial Supplies	3,000	2,918	82
Renewals and Repairs	2,500	169	2,331
Utilities	7,200	6,116	1,084
Other Social Service Programs:			
Human Relations Commission-			
Supervisor Salary	44,500	34,123	10,377
Custodial	4,000	2,267	1,733
<u>Recreation and Culture</u>			
Recreation Programs:			
Contribution	225,000	224,295	705
Civic Center:			
Coordinator Salary	3,600	3,600	
Maintenance Contract	2,000	1,992	8
Custodial Supplies	7,730	7,730	
Renewals and Repairs	24,558	24,557	1
Utilities	20,000	14,673	5,327
Celebrations, Festival, and Culture Programs:			
Adult Education and Literacy Program	2,000		2,000
<u>Bus Service</u>			
Transportation of School Children	205,817	205,817	
<u>Administration</u>			
General Services:			
Maintenance and Grounds	66,283	66,282	1
Audit Services	10,057	10,056	1
Insurance	110,000	105,174	4,826
Legal Notices and Recording Cost	10,000	9,884	116

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
General Services (Continued)			
Office Materials and Supplies	\$ 128,477	\$ 128,477	\$
Memberships	9,000	7,957	1,043
Telephone	30,000	29,122	878
Contingent Appropriations:			
Reserve for Transfers	242,573		242,573
Fringe Benefits:			
County Contributions-			
Social Security	85,000	79,077	5,923
Retirement	125,000	123,391	1,609
Life Insurance	17,500	17,372	128
Health Insurance	35,000	34,427	573
Worker's Compensation	49,855	49,854	1
Unemployment Insurance	7,000	6,327	673
Fringe Benefit Option	5,000	2,952	2,048
Total General Fund	<u>\$ 2,960,480</u>	<u>\$ 2,573,497</u>	<u>\$ 386,983</u>

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 42,029	\$ 42,028	\$ 1
Building Maintenance	7,000	1,395	5,605
Office Materials and Supplies	792	792	
Office Equipment	2,000		2,000
Utilities	8,600	6,846	1,754
Road Maintenance:			
Road Labor	340,000	331,267	8,733
Bridge and Culvert Materials	31,169	31,168	1
Chip Seal	22,000	19,445	2,555
Contract Paving	850,496	850,496	
Crew Safety Equipment	2,500	2,204	296

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Dust Control	\$ 30,000	\$ 29,907	\$ 93
Equipment Repairs	10,000	9,019	981
Fuel	40,000	37,696	2,304
Garage Supplies	30,000	20,024	9,976
Hot and Cold Mix	126,105	126,104	1
Lubricants	5,000	4,363	637
New Equipment	130,690	130,690	
Parts	35,000	28,437	6,563
Signs and Posts	8,525	8,525	
Snow Removal	29,700	29,700	
Street Lights and Utilities	8,800	8,800	
Tires	16,000	12,811	3,189
Tools	3,000	2,027	973
Tree Removal and Fence Replacement	2,500	1,703	797
Miscellaneous	55,954	55,790	164
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	5,982		5,982
Fringe Benefits:			
County Contributions-			
Retirement	33,500	31,675	1,825
Social Security	29,500	26,461	3,039
Health Insurance	23,000	22,979	21
Other Fringe Benefits	9,041	9,040	1
Total Road and Bridge Fund	\$ 1,938,883	\$ 1,881,392	\$ 57,491

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,329	\$ 48,329	\$
Jail Personnel	351,000	349,224	1,776
Association Dues	600	400	200
Staff Training	2,800	2,787	13
Operations-			
Cleaning Supplies	20,000	19,527	473
Food	140,000	128,043	11,957
Food Preparation and Serving Supplies	4,415	4,415	
Furniture and Fixtures	4,000	3,658	342
Housing Prisoners - Juveniles	160,000	90,431	69,569
Housing Prisoners - Other Counties	12,191	12,191	
Jail Linens	6,114	6,113	1
Office Supplies	15,223	15,222	1
Pest Control	500	326	174
Prisoner Clothing	6,685	6,683	2
Prisoner Hygiene	5,165	5,164	1
Routine Medical	110,185	110,185	
Staff Travel	1,200	1,189	11
Staff Uniforms	3,290	3,289	1
Telephone	250		250
Utilities	34,000	27,085	6,915
Miscellaneous Operating Expenses	1,000	801	199
Maintenance-			
Building Repairs	9,550	9,549	1
Building Maintenance	4,000	3,185	815
Equipment Repairs	3,500	2,264	1,236
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	6,953		6,953

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 34,500	\$ 24,365	\$ 10,135
Social Security	30,500	29,130	1,370
Health Insurance	22,000	14,808	7,192
Worker's Compensation	<u>7,750</u>	<u></u>	<u>7,750</u>
Total Jail Fund	<u>\$ 1,045,700</u>	<u>\$ 918,363</u>	<u>\$ 127,337</u>
<u>JAIL CANTEEN FUND</u>			
Food and Drink	\$ 50,000	\$ 26,607	\$ 23,393
Inmate Activity Supplies	84,000	72,938	11,062
Miscellaneous	1,000		1,000
Reserve For Transfer	<u>10,000</u>	<u></u>	<u>10,000</u>
Total Jail Canteen Fund	<u>\$ 145,000</u>	<u>\$ 99,545</u>	<u>\$ 45,455</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
Road Maintenance:			
Rock	\$ 145,135	\$ 139,234	\$ 5,901
Other County Liabilities:			
Lease-Purchase Agreements	<u>18,000</u>	<u>12,000</u>	<u>6,000</u>
Total Local Government Economic Assistance Fund	<u>\$ 163,135</u>	<u>\$ 151,234</u>	<u>\$ 11,901</u>
<u>PUBLIC IMPROVEMENTS CORPORATION FUND</u>			
<u>General Government</u>			
Shopping Center	\$ 2,300,000	\$ 2,145,934	\$ 154,066

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>PUBLIC IMPROVEMENTS CORPORATION FUND</u>			
(Continued)			
<u>General Government</u> (Continued)			
<u>General Health and Sanitation</u>			
Water System:			
Contracted Construction	\$ 218,900	\$ 87,708	\$ 131,192
Engineering Services	25,000	6,216	18,784
Construction Materials	100,000	21,163	78,837
Community Development Block Grant Expenditure - Construction	293,078	241,846	51,232
<u>Recreation and Culture</u>			
Tourist and Convention:			
Program Support	130,000	122,621	7,379
<u>Debt Service</u>			
Holding Company Bonds:			
Interest on Bonds	28,784	28,784	
Miscellaneous Financing Fees	1,207	1,206	1
Lease:			
Interest on Lease	22,499	12,541	9,958
Melody Lake Interest	34,536	32,715	1,821
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	88		88
Total Operating Budget	\$ 3,154,092	\$ 2,700,734	\$ 453,358
Other Financing Uses:			
(a) Principal on Lease	75,875	75,875	
(b) Principal on Bonds	140,000	140,000	
Total Public Improvements Corporation Fund	\$ 3,369,967	\$ 2,916,609	\$ 453,358

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SOLID WASTE FUND</u>			
<u>General Health and Sanitation</u>			
Solid Waste Collection:			
Supervisor Salary	\$ 23,000	\$ 22,886	\$ 114
Office and Department Staff	20,000	12,664	7,336
Collection Contracts	440,000	429,474	10,526
Office Supplies	5,000	866	4,134
Labor	95,000	93,211	1,789
Fuel	22,500	6,008	16,492
Parts	2,500	2,100	400
Tires	2,093	2,092	1
<u>Capital Projects</u>			
Capital Outlay	500,000	457,881	42,119
<u>Administration</u>			
General Services:			
Refunds	750		750
Fringe Benefits:			
County Contributions:			
Retirement	8,000	3,595	4,405
Social Security	9,600	9,466	134
Health Insurance	10,495	10,495	
Worker's Compensation	12,500	10,000	2,500
Contingent Appropriations:			
Reserve for Transfers	171,562		171,562
Total Solid Waste Fund	\$ 1,323,000	\$ 1,060,738	\$ 262,262

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LANDFILL FUND</u>			
<u>General Health and Sanitation</u>			
Sanitary Landfill:			
Salaries-			
Director	\$ 55,459	\$ 55,458	\$ 1
Landfill Operators	186,000	184,685	1,315
Environmental Monitoring	89,202	89,201	1
Engineering Services	16,106	16,106	
New Equipment	15,000	7,611	7,389
Fuel and Lubricants	35,951	35,950	1
Parts	65,000	61,472	3,528
Maintenance and Repair Services	9,500	9,308	192
General Construction Materials	5,000	4,040	960
Office Supplies	15,749	15,748	1
Renewals and Repairs	34,949	34,949	
Utilities	18,000	16,912	1,088
Miscellaneous	6,075	4,829	1,246
<u>Debt Service</u>			
Interest:			
Interest on Lease	16,503	10,034	6,469
Interest on Debt	12,600	12,600	
Interest on Bond Issue	232,930	232,930	
<u>Capital Projects</u>			
Recycle Outlay	15,000	3,198	11,802
Capital Outlay	1,000,000	789,003	210,997
<u>Administration</u>			
Contingent Appropriations:			
Escrow for Closing Cost Funding	100,000		100,000
Escrow for Phase II	300,000		300,000
Escrow for Budget Transfers	83,476		83,476

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LANDFILL FUND (Continued)</u>			
Fringe Benefits:			
County Contributions:			
Retirement	\$ 20,500	\$ 20,320	\$ 180
Employee Health Insurance	12,000	7,919	4,081
Social Security	18,500	17,763	737
Other Fringe Benefits	36,000	33,239	2,761
Total Operating Budget	\$ 2,399,500	\$ 1,663,275	\$ 736,225
Other Financing Uses:			
(a) Principal on Lease	78,000	78,000	
(b) Principal on Bonds	400,000	400,000	
(c) Principal on Note	22,500	22,500	
Total Landfill Fund	\$ 2,900,000	\$ 2,163,775	\$ 736,225

OCCUPATIONAL TAX FUND

General Government

Office of Tax Administration:			
Administrator	\$ 15,000	\$ 13,073	\$ 1,927
Office Supplies	2,000	1,724	276
Economic Development Contribution:			
Bardstown Industrial Development Authority	46,500	46,500	

Transportation Facilities and Services

Airports:			
Airport Operations and Maintenance:			
Contributions	7,500	7,200	300
Buildings and Construction	10,000	10,000	

Capital Projects

Payments to Governmental Agencies	176,595	176,595	
-----------------------------------	---------	---------	--

NELSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>OCCUPATIONAL TAX FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Refunds	\$ 15,000	\$ 5,191	\$ 9,809
Fringe Benefits:			
Other Fringe Benefits	2,500	2,080	420
Contingent Appropriations:			
Reserve for Budget Transfers	<u>76,792</u>		<u>76,792</u>
Total Occupational Tax Fund	<u>351,887</u>	<u>262,363</u>	<u>89,524</u>
Total Operating Budget - All Funds	\$ 13,481,677	\$ 11,311,141	\$ 2,170,536
Other Financing Uses:			
(a) Principal - Lease	153,875	153,875	
(b) Principal - Bonds	540,000	540,000	
(c) Principal - Notes	<u>22,500</u>	<u>22,500</u>	
TOTAL BUDGET - ALL FUNDS	<u>\$ 14,198,052</u>	<u>\$ 12,027,516</u>	<u>\$ 2,170,536</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Dean Watts, County Judge/Executive
Members of the Nelson County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Nelson County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated July 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nelson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nelson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 13, 1999

144 Capitol Annex
Frankfort, KY 40601-3448
Tele. 502•564•5841
Fax 502•564•2912
hatchett@apa1.aud.state.ky.us

An Equal Opportunity Employer M/F/D

2501 Georgetown Road, Suite 2
Frankfort, KY 40601-5539
Tele. 502•573•0050
Fax 502•573•0067

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Dean Watts, County Judge/Executive
Members of the Nelson County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Nelson County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Nelson County's major federal program is identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to major federal programs is the responsibility of Nelson County's management. Our responsibility is to express an opinion on Nelson County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nelson County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nelson County's compliance with those requirements.

In our opinion, Nelson County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Nelson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Nelson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Dean Watts, County Judge/Executive
Members of the Nelson County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
July 13, 1999

FINDINGS AND QUESTIONED COSTS

NELSON COUNTY
FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Nelson County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Nelson County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Nelson County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Nelson County reported in Part C of this schedule.
7. The program tested as a major program was: Nelsonville Water Project
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Nelson County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

PRIOR YEAR FINDINGS

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NELSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government:		
Community Development Block Grants-Nelsonville Water Project (CFDA #14.228)	B-94-DC-21-0001- (004)	\$ 241,846
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- March 97 Severe Weather (CFDA #83.503)	179-00000	61,907
		<hr/>
Total Cash Expenditures of Federal Awards		<u>\$ 303,753</u>

See Notes to the Schedule of Expenditures of Federal Awards

NELSON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

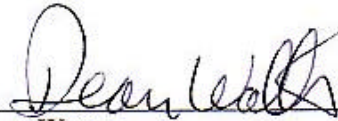
CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS

NELSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
NELSON COUNTY FISCAL COURT

The Nelson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in cursive script, appearing to read "Dean Watts", written over a horizontal line.

Dean Watts
County Judge/Executive

A handwritten signature in cursive script, appearing to read "Martha Wheeler", written over a horizontal line.

Martha Wheeler
County Treasurer